

ABSTRACT

Dividend policy is important not only for the company but also for the stockholders. Dividend which shared for stockholders is depend on companies policy. This study is performed to examine the effect of debt to equity ratio, earning forecast error, growth, return on equity, and investment opportunity set toward Dividend Payout Ratio (DPR) in LQ45 companies that is listed in Indonesian Stock Exchange over period 2007-2010.

The sampling technique used is purposive sampling and the number of samples used for as many as 17 companies from 45 LQ45 companies those are listed in BEI . The samples were analyzed by using linear multiple regression technique, t-test for testing the hypothesis, and f-test for the feasibility model test with the five percent level of significant, previously tested with classic assumption test like normality test, autocorellation test, multicollinearity test, and heteroscedastisity test.

Based on the results of data analysis can be concluded that the partially growth has negative and significant impact on DPR, return on equity (ROE), and the investment opportunity set (IOS) has positive and significant impact on DPR. While the variable debt to equity ratio (DER) has negative but not significant effect on DPR and the earnings forecast error (FE) has positive but not significant effect on DPR. Simultaneous debt to equity ratio (DER), earnings forecast error (FE), growth, return on equity (ROE), and investment opportunity set (IOS) has a significant influence on DPR variables. The amount of ability to explain the dependent variable given by the five variables amounted to 49.7%.

Key words: dividend payout ratio, debt to equity ratio, earning forecast error, growth, return on equity, and investment opportunity set.